

117TH CONGRESS  
1ST SESSION

# H. R. 5176

To amend the Internal Revenue Code of 1986 to adjust the applicable percentage of the new markets tax credit, the application of such credit to certain agricultural trades or businesses, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 3, 2021

Mr. THOMPSON of California introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to adjust the applicable percentage of the new markets tax credit, the application of such credit to certain agricultural trades or businesses, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*

2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Local Food Production

5       Enhancement Act of 2021”.

1   **SEC. 2. INCREASE IN CREDIT PERCENTAGE OF NEW MAR-**

2                   **KETS TAX CREDIT.**

3       (a) IN GENERAL.—Section 45D(a)(2) of the Internal

4 Revenue Code of 1986 is amended to read as follows:

5                   “(2) APPLICABLE PERCENTAGE.—For purposes

6 of paragraph (1)—

7                   “(A) IN GENERAL.—In the case of any

8 qualified equity investment made after the date

9 of the enactment of Local Food Production En-

10 hancement Act of 2021, the applicable percent-

11 age is—

12                   “(i) 6 percent with respect to the first

13 4 credit allowance dates, and

14                   “(ii) 7 percent with respect to the re-

15 mainder of the credit allowance dates.

16                   “(B) CERTAIN OLDER INVESTMENTS.—In

17 the case of any qualified equity investment

18 made on or before the date of the enactment of

19 the Local Food Production Enhancement Act of

20 2021, the applicable percentage is—

21                   “(i) 5 percent with respect to the first

22 3 credit allowance dates, and

23                   “(ii) 6 percent with respect to the re-

24 mainder of the credit allowance dates.”.

1       (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to investments made after the date  
3 of the enactment of this Act.

4       **SEC. 3. CERTAIN FARMING OPERATIONS MADE ELIGIBLE**  
5                   **FOR INVESTMENT UNDER THE NEW MAR-**  
6                   **KETS TAX CREDIT.**

7       (a) IN GENERAL.—Section 45D(d)(3) of the Internal  
8 Revenue Code of 1986 is amended by striking “and” at  
9 the end of subparagraph (A), by striking the period at  
10 the end of subparagraph (B) and inserting “, and”, and  
11 by adding at the end the following new subparagraph:

12                   “(C) a qualified farming business shall not  
13 fail to be treated as a qualified business by rea-  
14 son of paragraph (5)(B) thereof.”.

15       (b) QUALIFIED FARMING BUSINESS.—Section  
16 45D(d) of such Code is amended by adding at the end  
17 the following new paragraph:

18                   “(4) QUALIFIED FARMING BUSINESS.—For pur-  
19 poses of this subsection—

20                   “(A) IN GENERAL.—The term ‘qualified  
21 farming business’ means any trade or business  
22 of farming if—

23                   “(i) all of such farming is conducted  
24 in a qualified area or an area adjacent to  
25 a qualified area, and

1                     “(ii) such trade or business has in ef-  
2                     fect a local distribution plan, a surplus  
3                     stock distribution plan, and a local work-  
4                     force plan, each of which is certified by the  
5                     Secretary.

6                     “(B) QUALIFIED AREA.—

7                     “(i) IN GENERAL.—The term ‘quali-  
8                     fied area’ means—

9                         “(I) any low-income community  
10                      if at least 500 individuals (or at least  
11                      33 percent) of the population of such  
12                      community lives more than 0.5 miles  
13                      (10 miles if such community is in a  
14                      rural area) from a large grocery store,  
15                      and

16                         “(II) any population census tract  
17                      adjacent to a low-income community  
18                      described in subclause (I).

19                     “(ii) LARGE GROCERY STORE.—For  
20                      purposes of this subparagraph, the term  
21                      ‘large grocery store’ means any means any  
22                      single retail grocery store location which  
23                      includes all of the major food departments  
24                      and has annual sales of at least  
25                      \$2,000,000.

1                 “(C) LOCAL DISTRIBUTION PLAN.—The  
2                 term ‘local distribution plan’ means, with re-  
3                 spect any trade or business, having the fol-  
4                 lowing in effect with respect to such trade or  
5                 business:

6                     “(i) A list of grocery retailers within  
7                 5 miles of the principal location of such  
8                 trade or business (20 miles if such prin-  
9                 cipal location is in a rural area).

10                  “(ii) A documented offer to distribute  
11                 agricultural or horticultural products to at  
12                 least 80 percent of such grocery retailers.

13                  “(iii) A documented agreement to pro-  
14                 vide fresh produce year-round to grocery  
15                 retailers who agree to such offer.

16                  “(D) LOCAL WORKFORCE PLAN.—The  
17                 term ‘local workforce plan’ means, with respect  
18                 to any trade or business, having the following  
19                 in effect with respect to such trade or busi-  
20                 ness—

21                     “(i) a documented commitment to hir-  
22                 ing locally including—

23                         “(I) a list of local media such  
24                 trade or business will use to publicize  
25                 job openings,

1                         “(II) a list of local job centers,  
2                         trade schools, and other workforce de-  
3                         velopment organizations, and

4                         “(III) a written plan to carry out  
5                         agreements with entities listed under  
6                         subclause (II) to hire locally when fea-  
7                         sible, and

8                         “(ii) a list of local youth science, tech-  
9                         nology, engineering, and math programs  
10                         supported or operated by the trade or busi-  
11                         ness.

12                         “(E) SURPLUS STOCK DISTRIBUTION  
13                         PLAN.—The term ‘surplus stock distribution  
14                         plan’ means, with respect to any trade or busi-  
15                         ness, having in effect a plan for distributing  
16                         surplus agricultural or horticultural products to  
17                         food banks and other nonprofit food providers  
18                         located in qualified areas.

19                         “(F) FARMING.—The term ‘farming’  
20                         means raising or harvesting any agricultural or  
21                         horticultural commodity, not including the rais-  
22                         ing, shearing, feeding, caring for, or manage-  
23                         ment of animals.

1                 “(G) RURAL AREA.—The term ‘rural area’  
2                 has the meaning given such term by section  
3                 1393(a)(2).”.

4                 (c) EFFECTIVE DATE.—The amendments made by  
5   this section shall take effect on the date of the enactment  
6   of this Act.

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